

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

7286
Ag 822
[REDACTED]

A Summary of Current Programs 9/30/63
and Preliminary Report of Progress
for 11/1/62 to 9/30/63

- DC NT List in E of A -

-

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

OCT 14 1964

C & R-PREP.

REGIONAL ANALYSIS DIVISION

of the

ECONOMIC RESEARCH SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

This progress report of U.S.D.A. research is primarily a tool for use of scientists and administrators in program coordination, development and evaluation; and for use of advisory committees in program review and development of recommendations for future research programs.

The summaries of research progress include a brief description of the work performed by foreign research institutions under direction of the Division with Section 104(a) of Title I, P.L. 480 funds, and contractual work performed for the Division by Land-Grant Universities and other institutions or persons. No details on progress of State station or industry research are included except as such work is cooperative with U.S.D.A.

The summaries of progress on U.S.D.A. and research-contractor activities include some tentative results that cannot be confirmed until the research has further progressed. Such findings, when adequately confirmed will be released promptly through established channels. Because of this, the report is not intended for publication and should not be referred to in literature citations. Copies are distributed only to members of Department staff, advisory committee members and others having a special interest in the development of public agricultural research programs.

This report also includes a list of publications reporting results of U.S.D.A. and cooperative research issued between November 1, 1962 and September 30, 1963. Current agricultural findings are also published in the monthly U.S.D.A. publications Farm Index, Agricultural Economics Research and Foreign Agriculture. This progress report was compiled in the Regional Analysis Division, Economic Research Service, U.S. Department of Agriculture, Washington 25, D.C.

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C.
October 1963

11

TABLE OF CONTENTS

	Page
Introduction	ii
Summary	ii
Area No. 1 Long-Range Outlook for U.S. Farm Exports	1
Area No. 2 Foreign Competition and Demand by Country and Region	12
Area No. 3 Quantitative Evaluation of Foreign Production, Utilization and Trade in Farm Products	26

INTRODUCTION

The Regional Analysis Division is one of two research divisions of the Economic Research Service which works in the foreign field. Its function, through basic and applied research, is to analyze effects of world, regional, and country developments and trends in agricultural production, consumption, and trade to disclose opportunities for developing new markets and maintaining and expanding existing markets for U.S. farm products.

The regular work of the Division involves a Washington staff of 42 professional economists who perform economic and statistical analysis work in Washington, travel abroad and gather data not available through other channels, and who plan, negotiate, and direct the execution of research contracts, most of which are with foreign-research institutions. The research covers the following three areas: 1) long-range outlook for U.S. farm exports; 2) foreign competition and demand by country and region; and 3) quantitative evaluation of foreign production, utilization and trade in farm products.

PROGRAM SUMMARY

Long-range outlook for U.S. farm exports. The analysis work on the long-range outlook for U.S. farm exports is divided into three parts, (a) the world food budget, (b) projections of exports of leading U.S. agricultural commodities, and (c) long-term projections of foreign supply and demand by country and region.

Research in the area of the world food budget was undertaken in February 1961 at the request of a White House task force. The results published in the World Food Budget, 1962 and 1966 (Oct. 1961) have been much in demand since the data provide the basis for developing the long-range outlook for U.S. farm exports that can be combined with the Department's domestic outlook analyses into a longer range projection of market outlook for U.S. farm products. This study has been updated to 1968 and will be completely revised in 1964 with projections to 1969.

Annually, exports of U.S. agricultural commodities are projected for 5 years ahead, as part of the ERS report. Agriculture: Demand, Price and Income Projections to (1968), Under Three Program Alternatives. Projections are made by major commodities, value and quantity, to our major markets and for all commodities to all foreign markets.

Foreign supply and demand studies are completed or underway in 23 countries that are important or potential export markets for U.S. farm products. Funds are available for eight additional studies. This will complete the

country studies but major country studies will need to be kept up-to-date as major changes occur in the supply and demand conditions in each country. Also, these studies will be interpreted to give projections by region and for the world. A major step in the work involves an analysis of country studies to assess the effect of the long-range trends on prospective U.S. exports of specific farm products, such as wheat, feedgrains, oilseeds, rice, cotton, tobacco, dairy products, poultry products, and fruit.

Foreign competition and demand, by country and region. This work involves study and evaluation of developments in the economies of foreign countries, as they affect demand and competition in markets for farm products.

There is a continued growing volume of requests for information on foreign competition and demand and the implications for U.S. agricultural exports. Among many groups, American farmers, the farm press, marketing organizations, agricultural export interests, and government agencies seek data on the opportunities for developing new markets abroad and for maintaining and expanding existing foreign markets, and the nature of competition to be encountered in these markets.

Included are: (a) appraisal of the current food and agricultural situation in major importing and exporting countries; (b) evaluation of government measures taken to protect domestic agriculture from imports, to support prices, and to maintain incomes of agricultural producers in foreign countries; (c) analysis of opportunities for U.S. agriculture in foreign markets associated with changes in agricultural productivity and cost-price relationships, increased public and private investment in agriculture, progress in the application of improved farming techniques, changes in the agrarian structure, and improvements in market organization and practices; and (d) assessment of the competitive position of U.S. farm products in foreign markets, including evaluation of the effectiveness of U.S. market development and promotion projects.

Two studies have a world-wide coverage. One is a world agricultural situation report published annually in early January. This is supplemented by 5 regional situation publications. The other is a report on agricultural policies of foreign governments, published at 5-year intervals. The most recent is now being published. Other research on competition and demand is organized and carried out by 5 regional branches. Studies are made of the situation in respective countries or specific areas of foreign competition and demand, with extensive visits to the areas and markets to collect the required data. The findings are published as separate foreign agricultural economic reports and as articles on regions and countries.

There is close cooperation between the Regional Analysis Division and the Development and Trade Analysis Division, and between ERS and FAS in this area to preclude duplication or overlapping of work. The work of this Division involves the making of analyses by country or commodity, while

that of DTA involves the economic analysis of a given problem, regardless of country or commodity. The work of the Regional Analysis Division involves longer-term comparisons and analyses in greater depth than studies carried out in FAS for current operational purposes. ERS utilizes service of Land-Grant Colleges and Universities and other economic and marketing research organizations or individuals to perform portions of the research on the: (1) effectiveness of U.S. market development and promotion projects in foreign countries; (2) market potential in certain countries; and (3) opportunities and problems for U.S. farm exports resulting from common market developments in Western Europe and other areas. P.L. 480 funds are used to cover travel and other costs abroad. Some foreign market appraisal work performed in the U.S. (about 1 man-year in FY 1963) has been contracted for with agricultural colleges or other institutions.

Quantitative evaluation of foreign production, utilization and trade in farm products. This continuing work project provides the basic data for improving the quality of foreign agricultural production, consumption, and trade statistics. Its function is to: (a) construct food and agricultural production indices by country, region, and for the world; (b) construct food balances, bringing together in one table for each country data on available food supplies and their utilization by categories; and (c) compile and analyze data on agricultural trade in geographic areas where trade statistics are of special significance to U.S. export prospects, or where official data are inadequate.

Statistics for many countries are incomplete, inconsistent, or otherwise unreliable. Critical analyses are, therefore, made of data currently available, and appropriate measures are taken with foreign countries to broaden the coverage and improve the quality of data needed by U.S. exporters of farm products, for foreign policy formulation, and for administration of U.S. Government export and foreign aid programs. Foreign market research studies in certain underdeveloped countries are being undertaken for the purpose of improving the basic data needed for market development.

Related research work for other Federal agencies. The Regional Analysis Division is reimbursed or receives advances for research work done for the: Central Intelligence Agency, Agency for International Development, and Foreign Agricultural Service.

For CIA the Division prepares annually 8 major monographs on the agricultural resources, production, consumption, trade and institutions of selected countries, plus some 15 lesser papers on veterinary medicine, incidence of animal diseases and related matters in foreign countries. The equivalent of 12 professional employees devote full time to CIA work. The work on veterinary medicine and animal diseases is being terminated this year (2 professional employees).

For AID the Division prepares annually certain index numbers of production and renders certain technical and consultative services to which are devoted in total three professional man-years. The Division also is preparing special production indices, in connection with a productivity study Development and Trade Analysis Division is doing for AID, which involves 2 professional man years.

The advances from FAS are used by the Division for foreign travel to supervise and otherwise administer the research contracts in foreign countries financed under Section 104(a) of Title I, P.L. 480.

AREA NO. 1 - LONG-RANGE OUTLOOK FOR U.S. FARM EXPORTS

Problem. Since United States agricultural output in excess of domestic needs has risen sharply in recent years, new export possibilities for farm products have become increasingly important to the agricultural industry and the national economy. Developments in the areas of production technology and management indicate that U.S. farmers will continue for the foreseeable future to produce increasing quantities and a widening range of products for export.

Knowledge of demand-supply trends and new opportunities for U.S. farm exports, arising from economic changes in both the more advanced and the developing countries, is essential if the United States is to develop its farm exports to the fullest extent consistent with the economic utilization of U.S. agricultural resources.

Exports of U.S. farm products valued at approximately \$5 billion annually in recent years contribute substantially to the income of the various sectors of U.S. agriculture and industries engaged in processing and merchandizing farm products. They are also an important element in foreign exchange earnings and, therefore, in the vital balance of payments situation of the United States.

USDA PROGRAM

The Department has a long-term program for projecting the future foreign supply, demand, and trade of selected farm products. The total program involves 17 professional man-years annually in the Department of Agriculture to perform economic research in Washington and also to develop and supervise research programs abroad performed by research institutes on a contract basis under Section 104(a) of Title I of P.L. 480.

The first part of the program covers long-term projections of agricultural production, consumption and trade by country and region and for the world for various periods of time, including estimates for the ensuing year and projections for the ensuing 5-year period. This work is entirely done in Washington. For these projections supply-consumption data are compiled for a base period and projected ahead in about 110 countries. Taking into account the rate of population growth, changes in production technology, and other economic factors, these long-term projections show country and regional production, domestic disappearance, and net imports or exports by agricultural commodity and groups of agricultural commodities, including food products and such non-food products as cotton and tobacco. Projected national average per capita consumption levels in terms of food nutrients are measured against requirements agreed upon by nutritionists to single

out countries with sub-standard diets. Supply needs of the deficit countries to raise their sub-standard diets to the levels called for by the agreed-on nutritional reference standards are calculated in terms of calories, grams of protein and fat, and also in tonnages of specific agricultural commodities, such as wheat, dry beans and peas, non-fat dried milk, and vegetable oils.

Work involved in the second part of the program is the annual projection of exports of leading U.S. agricultural commodities by quantity and value, and groups of other commodities in terms of value. This work is related to that of economic analysts in the Department working on U.S. agricultural output and availabilities for export. Together they provide the long-range outlook for U.S. farm commodities. This work includes projections based upon various assumptions as to prices of leading U.S. products in the world market. It is entirely performed in Washington by the Department of Agriculture with departmental personnel.

Work in the third part of the long-term projections of supply and demand involves contracting for in-depth country studies with research organizations that command the requisite facilities and familiarity with the problems of the countries concerned. These studies entail the preparation of basic market research information essential for firming up the Department's evaluation of the longer-range prospects for foreign supply, demand, and trade in farm products. They are planned and directed with Department of Agriculture personnel and the results are reviewed and analyzed with such personnel. The actual performance of the major part of the research within foreign countries is carried out by research-contractors who are paid with foreign currency generated from exports under Title I of P.L. 480.

PROGRESS IN USDA AND FOREIGN RESEARCH CONTRACTORS' PROGRAMS

I. World Food Budget

After World War II, statements were frequently made by persons and groups in the United States and abroad about the inadequacy of the diet in certain countries and regions. From these and other sources many generalizations were made as to the world's hunger, but relatively little had been done to measure the extent of world hunger.

With the relaxation of discriminatory quantitative controls over imports in many parts of the world in the latter half of the 1950's, the development of an increasing interest in overseas markets by U.S. trading interests, and the Government's Food for Peace Program, it became essential that actual food needs be calculated in terms as specific as possible. The first attempt to do this on a world-wide basis was the research of the Department of Agriculture published in the World Food Deficit, A First Approximation, March 1961. The findings showed that major deficiencies existed in Asia,

and in parts of Africa and Latin America in calorie intake and protein availabilities which could not be filled from domestic resources. They were prepared under direction of a special White House task force whose membership represented pertinent agencies of the Department of Agriculture; the Department of State; Office of the Director, Food for Peace, the White House; the International Cooperation Administration; the Food and Agricultural Organization of the United Nations; and the Conference on Economic Progress.

Following the first approximations, this work was continued to provide a more thorough and detailed calculation of the food situation by country and region, including both food supply and problems of filling the food gap. The findings of this further research in depth were published in The World Food Budget, 1962 and 1966, issued in October 1961, and in several processed regional supplements.

The World Food Budget was reviewed in 1963 and projections were extended to 1968. Preparations are underway to revise this work completely in 1964 with projections for 1969. Estimates will be based upon food balances, now nearing completion for 90 countries, for two 3-year periods, 1956-58 and 1959-61.

Man, Land and Food: Looking Ahead at World Food Needs - This is essentially an empirical-historical study designed to add perspective to the problem of projecting the man-land-food relationship over the remaining decades of this century. It seeks to isolate and, where possible, project the dominant basic trends certain to influence our policy formulation in the years and decades ahead.

II. Projections of U.S. Agricultural Exports

Considerable work has been done in this area in answer to specific requests. In 1962, ERS embarked on an annual program to project for 5 years ahead the domestic demand for farm products, international trade, farm outlook and resource use, supply-demand balance and stocks, farm prices and farmers income. This work continued in 1963 and projections have been made under three program alternatives; current programs, pre-1961 programs, and free market.

The Division is responsible for the international trade projections. Several detailed steps were involved in making export projections. Historic data for the previous ten years on U.S. trade with major customers were assembled for each commodity or commodity group (a major customer accounts for about 2 percent of U.S. exports). Total exports to all other countries by commodities or commodity groups were also assembled for the last ten years.

Graphs were prepared of the imports of the five most important customers for each commodity. These graphs showed imports from U.S. and from other countries, as well as total imports.

Demand projections were made for each commodity and each major market using 1962 base period data and 1968 projections of population, GNP (or other measures of nation income) and income elasticities of demand. Domestic production of each relevant commodity by country was also projected to 1968.

The import demand for each country by commodity was estimated by subtracting projected domestic production from total demand for each commodity and each major customer. The U.S. share of this import was estimated by taking into consideration: (a) The trend in U.S. share of the market as shown in the graphs, noted above, (b) trade patterns of important competitors and other factors which affect the U.S. share of the market such as: CAP of the Common Market, changes in trade policies of other countries, international commodity agreements, "food for peace" policy, U.S. export price policies and so forth.

Exports to the major markets were then broken down by commercial--non-assisted, commercial--assisted, P.L. 480 Title I, Title II, Title III--donation and barter, and Title IV.

Total exports for each commodity were determined for 1968 by adding the projected exports to the major market countries and then increasing this figure by a percentage which all other countries represented of total U.S. exports in 1959-61.

The preliminary estimates developed by the foregoing procedure were further adjusted after review with commodity specialists in FAS and ERS. These adjusted estimates were used as export projection to 1968 under current programs.

Further analysis was made to modify these estimates to account for changes in domestic production and prices that resulted under pre-1961 and free market programs.

Exports were projected to increase nearly 26 percent over the 1959-61 average under current programs. These exports assume a high level of P.L. 480 shipments, about the same percentage of total exports as in recent years. Of the dollar sales, about one-third will have some form of government assistance.

III. Long-term Projections of Supply and Demand (Under Section 104(a) Title I, P.L. 480)

Utilizing P.L. 480 funds, the basic country studies are carried out under contract by research organizations that command the requisite facilities and familiarity with the problems to be studied, usually an organization in the country itself. Negotiation of the contract includes agreement on a Plan of Work which becomes an integral part of the contract and aids in

keeping the various country studies in line with the general framework previously developed. Required progress reports are reviewed and analyzed. Consultations on problems are held from time to time with research workers in the contracting agency. Cost of the studies varies widely, depending on the availability and reliability of data and the extent to which it can be utilized for time series, cross-sectional and other projectional analysis. Time involved with studies varies from 18 to 36 months.

Over the period of August 1958 to July 1963, contracts have been signed for studies in 23 countries; 7 in Europe--the United Kingdom, Italy, West Germany, Netherlands, Austria, Spain, France; 7 in Asia--India, Philippines, Japan, Pakistan, Malaysia, Israel and Saudi Arabia; 7 in Latin America--Brazil, Colombia, Chile, Venezuela, Mexico, Peru and West Indies; and 2 in Africa--Nigeria and Ghana. Eight more studies are planned to be initiated in 1963-64; Egypt, Republic of South Africa, Australia, Belgium, Canada, Denmark, Hong Kong and Turkey. This will complete the individual country studies, except for updating in some of the major countries. Preparations are already under way for combining the results of these country studies into projections for the major regions and for the world.

Seven studies have been completed and are published or in the process of being published. Nine more should be finished in 1963-64. As each of these reports is published, largely as submitted by the contractor, another document is being prepared by the Regional Analysis Division which summarizes and analyzes the results of the study and spells out the implications for U.S. agriculture.

A. Studies published: 11/1/62 to 9/30/63

1. The Philippines: Long-term Projection of Supply of and Demand for Selected Agricultural Products - ERS-Foreign-34.

This research project was undertaken to obtain a national projection of the import demand of the Philippines for cotton, dairy products, wheat and wheat flour, tobacco, rice, corn, meat products and tallow. The contractor was Mercantile, Inc., Manila; research director was George Cohen of Robot Statistics, Inc., Manila.

Substantial growth and shifts are projected for the Philippine economy. Population is projected to increase at an annual rate of over 3 percent and there is to be a shift to the urban areas. Population should reach about 32.7 million by 1965 and approximately 45.1 million by 1975.

Imports from the United States and other foreign sources accounted for a significant volume of all eight selected commodities and their products during the 1955-61 period. Nevertheless, no imports of milled rice, shelled corn, wheat flour, and tobacco are projected for either 1965 or

1975. By 1965, imports of wheat flour are projected to shift completely to wheat grain. By 1975, imports of meat and meat products are projected to shift almost completely from processed and canned meats to livestock for slaughter and fresh and frozen meats. Cotton imports will shift from cotton products to raw cotton.

B. Studies completed: 11/1/62 to 9/30/63

1. Japan - Long-term projection of the supply of and demand for selected agricultural products. The study was made by the Institute for Agricultural Economic Research under the direction of Taiyo Shinohara, Tokyo University, Tokyo, Japan. The report will be published early in 1964.

Findings of the study indicate that the Japanese economy will continue to expand rapidly. The population will increase from 94 million in 1960 to 109 million by 1975. National per capita income will be more than double the 1960 level. Japan is expected to attain self-sufficiency in rice production. Tallow imports may decline slightly. Imports of other products of major interest to U.S. farmers including corn, and other feed grains, tobacco, oilseeds and dairy products are expected to increase sharply. Cotton and wheat imports will increase though at a slower pace.

2. Israel - Long-term projection of supply of and demand for agricultural products. The contractor is the Falk Project for Economic Research in Israel, Jerusalem, Don Patinkin, Research Director. The contract was for the period June 27, 1960 to October 1, 1961. Final alterations to the manuscript, particularly in the feed grains section, were completed in August 1963. Publication is expected in November 1963.

The contractor projects Israel's population by 1975 at 3,350,000 an average annual net growth of 3.9 percent. This includes expected immigration. National product of Israel is projected to increase at 8 percent per year from 1959 to 1965 and between 6 and 7 percent from 1965 to 1975. Growth in per capita disposable income is also forecast to be 3.9 percent per year. An increase in import requirements in 1975 over the 1960 level is projected for wheat, feed grains, oilseeds, tobacco, and meat whereas Israel's exportable supplies of citrus will increase dramatically.

3. West Indies Federation "Area" and British Guiana: This contract provides for long-range projection of agricultural supply and demand for the old West Indies area and British Guiana. The contractor is the Institute of Social and Economic Research of the University College of the West Indies, Mona, Jamaica. The research leader is Dr. H. D. Huggins, the Director of the Institute. The contract covers a 30-month period, April 26, 1960, to October 26, 1962; the final report was submitted in November 1962. A preliminary review of the report was completed in January of 1963. However, several supporting papers were incomplete and not received in

finished form until June 1963. Also, projections of cotton consumption and imports were incomplete and are still being revised by the Contractor. Pending receipt of the cotton revisions, the manuscript was forwarded for editing in August. It is anticipated that cotton projections and editing will be finished in time to forward the manuscript to Israel for printing in November with publication in early 1964.

The study estimates that average per capita income will increase from \$462 to \$544 per capita from 1965 to 1975. Further, projections indicate that agricultural imports of approximately \$34 million in 1958 will exceed \$77 million in 1975, and that the principal increases are expected in flour, feed stuffs, pulses, vegetables, milk products and tobacco.

4. Austria: Long-term projections of supply of and demand for agricultural products. The contractor is the Austrian Institute for Economic Research, Vienna, Austria, and the director is Dr. Franz Nemshak. The research was completed in the latter part of 1961, and the manuscript is being printed.

The conclusions reached in this study are that Austria will become more self-sufficient in food production, but will become more dependent on imports of factors of production such as feed and fertilizer. Exports of livestock products will expand. Projected decrease in food imports will largely be offset by the projected increase in feed and other agricultural imports, however, significant increases in imports of citrus fruit, tobacco, vegetables, and poultry are projected.

5. Italy: Long-term projections of supply of and demand for agricultural products. The contractor is the National Institute of Agricultural Economics, Center for Agricultural Marketing Research, Rome, Italy. The research results were reported to the U.S.D.A., September 1962, in Italian and are in the process of being translated and prepared in a form suitable for publication.

Italy's demand for farm products is expected to increase much faster than domestic production during the next decade. Import requirements for coarse grains, livestock products, fats and oils, and fibers are expected to increase substantially. Although the consumption of cereals and other starchy foods is expected to decline, total requirements of wheat are projected to rise due to the increase in population, and domestic production will not be sufficient to meet domestic requirements.

C. Studies on which substantial work has been completed:

1. Pakistan: Long-term projection of supply of and demand for agricultural products. This contract was executed to obtain a projection of the import demand of Pakistan for wheat, rice, corn, tobacco, cotton, oilseeds, and dairy products. The contractor is the Social Sciences Research Center,

Lahore. The research director is Muhammad Khalid Hayat Khan. The contract period began March 31, 1962. A substantial part of the work has been completed.

2. India: Activity I - Long-term projections of the supply of and demand for agricultural products was published in 1962. An evaluation of this study indicated that level of supply projections was overly optimistic. A cooperative project has been completed with Cornell University to study in greater depth some of the factors which resulted in these high projections. The evaluation and implication will soon be published.

Activity II - was executed to determine the change in effective consumer demand for food and clothing as the result of investment in Indian economic development projects and the degree to which this change might affect the aggregate demand for selected agricultural commodities annually over the period of the Indian Third 5-Year Plan and by 1970. The contractor is the National Council of Applied Economic Research, New Delhi, India. Research director is P.S. Lokanathan. The contract period extends to June 30, 1965. Substantial work has been completed.

3. Ghana: Long-term projection of supply of and demand for agricultural products. The contractor is the Department of Political Economy, University of Edinburgh, Edinburgh, Scotland, Research Director, Ian G. Stewart. The contract was for the period July 1, 1961 to June 30, 1963. Review draft of final report expected to arrive in Washington about October 15, 1963.

4. France: Long-term projection of the supply and demand for agricultural products. The contractor is the Centre de Recherches et du Documentation sur la Consommation, Georges Rottier, secretary-general. The contract began on June 12, 1961 and is about 80 percent completed.

5. Spain: Long-term projection of the supply of and demand for agricultural products. The contractor is the Comision Nacional de Productividad Agricola, Madrid, Valentin Andres Alvarez, now President of the Productivity and Agrarian Committee. The contract period began June 8, 1960, and is about 90 percent completed.

6. Netherlands: Long-term projection of the supply of and demand for agricultural products. The contractor is the Landbouw Economisch Inst., Professor N. A. Kraal, Director. The contract period began June 26, 1962, and the research is about 50 percent completed.

7. Colombia: Long-term projection of the supply of and demand for agricultural products. The contract is with the Universidad de Los Andes, Bogota. Dr. Wallace N. Atherton, Director of the Centro de Estudios Sobre Desarrollo Economico of the University is in charge. The contract period was from November 28, 1960 to May 28, 1963. The research is completed except for the final report which is expected in December.

8. Brazil: Long-term projection of the supply of and demand for agricultural products. The contract is with the Getulio Vargas Foundation, Rio de Janeiro. The study is under the direction of Dr. Julian M. Chacel, Head of the Agricultural Studies Center, Brazilian Institute of Economics of the Foundation. The contract was undertaken June 28, 1961 and is to be completed by December 31, 1964. It is estimated that approximately 50 percent of the contract has been completed.
9. Venezuela: Long-range projections of the supply of and demand for agricultural products. The contractor is the Consejo de Bienestar Rural, Caracas. Dr. Richardo Gondellas, Chief of Special Studies of the Organization is responsible for the study. The contract period is April 2, 1962 to April 2, 1964. The research is about 70 percent completed.
10. Chile: Long-range projection of the supply of and demand for agricultural products. The contractor is the Facultad de Ciencias Economicas y Sociales de la Universidad Catolica de Chile, Santiago. Mario Corbo of the Centro de Investigaciones Economicas of the Facultad is in charge of the study. The contract period is from May 9, 1962 through December 9, 1964. The research is approximately 40 percent completed.
11. Mexico: Long-range projections of the supply of and demand for agricultural products. Two groups working jointly are involved as contractors in the agreement: The Ministry of Agriculture and Livestock, United Mexican States; and Banco de Mexico, S.A. Joint directors of the project are Sr. Ing. Emilo Alanis Patino and Sr. Victor Urquidi, both of the Bank. The contract period is from June 28, 1962 through June 28, 1964. The work is about 40 percent complete.
12. Peru: Long-range projections of the supply of and demand for agricultural products. The contractor is the Universidad Agraria, Lima, Sr. Ing. Eduardo Watson C., is overall study director. The contract period is from December 1, 1962 through December 1, 1964. The research is about one-third completed.

D. Studies negotiated

1. Malaysia: Long-term projections of the supply of and demand for agricultural products. The contractor is the National Planning Association, Washington, D.C. The director is Dr. D.S. Paauw. The contract period began June 6, 1963, and extends until August 6, 1965. The research has been started.
2. Hong Kong: Long-term projections of the supply of and demand for agricultural products. Plans for this project are well underway and negotiations believed to be virtually finalized with a research institution in Hong Kong. The contract should be signed shortly and is expected to extend until June 1965.

3. Australia: Long-term projection of the supply of and demand for agricultural products. Negotiations for a contract have been initiated.
4. Saudi Arabia: Long-term projections of supply of and demand for agricultural products. The contractor is the Economic Research Institute, American University of Beirut, Beirut, Lebanon, Yusif A. Sayegh, Research Director. The contract period began January 1, 1963 and will run to December 31, 1964. Research work is underway.
5. Republic of South Africa: Long-term projections of supply of and demand for agricultural products. Negotiations for a contract have been initiated.
6. West Germany: Long-term projections of the supply of and demand for agricultural products. The contractor is the IFO-Institut für Wirtschaftsforschung, Munich, Federal Republic of Germany, Professor Dr. Langelutke, Chairman of the Board of Directors. The contract period began June 26, 1963 for a period of two years. The research is underway.
7. Denmark: Long-term projections of supply of and demand for agricultural products. Negotiations for a contract have been initiated.

E. Studies for which implications for U.S. agriculture have been analyzed.

1. Philippines: A summary of the full report and an analysis of implications for U.S. agriculture are to be released shortly in ERS report entitled, The Philippines - Summary and Evaluation of Long-term Projections of Supply and Demand for Selected Agricultural Products.

The Philippine long-term projection study brings into focus some major implication for U.S. agricultural exports. By 1975, Philippine imports of the selected agricultural commodities from the United States are expected to experience a net increase of over \$25.3 million from the 1955-57 average. This includes import gains of approximately \$20.9 million for raw cotton, \$4.8 million for milk and dairy products, \$8.7 million for wheat, and \$0.4 million for tallow. Offsetting these gains were losses of nearly \$6 million for leaf tobacco (not including cigarettes), over \$3 million for meat and meat products, \$0.3 million for shelled corn, and \$0.2 million for milled rice. A loss is also expected of \$21.4 million for cotton textiles and \$0.7 million for tobacco products (cigarettes only).

2. United Kingdom: Summary and Evaluation of Projected Level of Demand, Supply, and Imports of Farm Products in 1965 and 1975. ERS-Foreign-50. July 1963.

Between 1960 and 1962, the United Kingdom imported annually approximately \$5 billion of agricultural products. The United States during this period supplied about 10 percent of these imports compared to 9 percent during 1955-59. Cereals and cereal preparations were most important, followed by

tobacco, cotton, fruits and vegetables, lard and miscellaneous foods. Assuming the United States share of the United Kingdom market remains at 10 percent, the value of the United States share is expected to be in the range of \$493 to \$513 million in 1965 and \$493 to \$555 million in 1975.

3. Austria: Summary and Evaluation of Projected Level of Supply, Demand, and Trade of Agricultural Products in 1965 and 1975. ERS-Foreign-56. Between 1960 and 1962, Austria imported annually approximately \$283.5 million of agricultural products, compared to \$270.9 million from 1957 to 1959. During 1960-62, the United States supplied about 9 percent of Austria's total agricultural imports compared to approximately 15 percent during 1957 and 1959. The most important commodities exported by the United States, in terms of value, were feed grains, cotton, tobacco and fruits.

The Study projected an increase in total agricultural imports from \$250 million in 1960 to \$261 million by 1965, and \$290 to \$315 million by 1975. Assuming that the United States share of the Austrian market will be either 9 or 15 percent, the projected value of the United States agricultural exports to Austria would be between \$23.5 to \$39.2 million in 1965 and between \$28.4 to \$47.3 million in 1975.

4. Italy: Summary and Evaluation of Projected Level of Demand, Supply, and Imports of Farm Products in 1965, 1970 and 1975.

The United States has traditionally supplied agricultural products to Italy consisting largely of feed grains, oilseeds, cotton, tobacco, and hides and skins. While the exports of cotton, and hides and skins from the United States are not expected to change appreciably, the exports of feed grain (mainly corn), oilseeds (mainly soybeans) and tobacco are expected to increase substantially.

PUBLICATIONS REPORTING RESULTS OF U.S.D.A. AND FOREIGN RESEARCH CONTRACTORS

Cohen, George (Robot Statistics, Inc.) Philippines Long-term Projections of Supply and Demand for Selected Agricultural Products, ERS, USDA, ERS-Foreign-34, Nov. 1962, 256 pages.

Englund, Eric and Bernitz, Alexander. United Kingdom summary and evaluation of projected level of demand, supply, and imports of farm products in 1965 and 1975. U.S. Dept. Agr. Economic Research Service, Regional Analysis Division, ERS-Foreign-50, July 1963, 26 pages.

West, Quentin M. The World Food Supply: Progress and Promise; in Food-One Tool in International Economic Development; Iowa State University Press, 1962, pp 97-111.

AREA NO. 2 - FOREIGN COMPETITION AND DEMAND BY COUNTRY AND REGION

Problem. In many foreign markets United States farm products are facing changes in the competition or demand situation that directly affect their sale. There is a continued growing volume of requests for information on foreign competition and demand arising from political and economic developments abroad. The problem is to provide an appraisal of developments in agriculture by country and region and in the overall economies of foreign countries in order that American farmers, agricultural export interests and governmental agencies may take advantage of opportunities for developing new, and maintaining or expanding existing, foreign markets for U.S. farm products.

USDA PROGRAM

In line with the need and growing volume of requests for information on foreign competition and demand, the USDA maintains a continuing program to obtain, appraise and disseminate information in this area. In the period covered, this research has required 16 professional man-years annually in Washington.

This research includes: 1) appraisals of the current food and agricultural situation in more than 110 countries and the outlook for the demand for and supply of farm products in the year ahead; 2) evaluation of the trends and effects on competition and demand of government measures taken to protect agriculture and to support prices and incomes of agricultural producers in more than 110 foreign countries, including regional economic integration movements; 3) analysis and interpretation of the opportunities and problems for U.S. agriculture associated with changing production and trade patterns in foreign markets and competitor countries, caused by changes in agricultural productivity and cost-price relationships resulting from increased public and private investment in agriculture, progress in the application of improved farming techniques, changes in the agrarian structure, and improvements in market organization and practice as well as changes in policy measures; 4) assessment of the competitive strengths and weaknesses of U.S. farm products in foreign markets as compared with products offered by farmers within that market and products available from other exporting countries, including evaluation of the effectiveness of market development and promotion projects; and 5) basic studies of the agricultural economies of foreign countries for use within the Department as background needed for judging a country's potential as a market for or competitor with U.S. agriculture, and also to supply other interested agencies, private organizations, and individuals with desired information on agriculture in foreign lands.

Economic research in the categories mentioned above is organized and carried out on a regional basis by 5 regional branches within the Regional Analysis Division, of the Economic Research Service, USDA. The branches develop their own regional programs of research peculiar to the general agricultural and economic situation of their regions. They maintain continuous review of the competition-demand situation in their regions and publish results of their research on a country and regional basis, and on specific aspects of competition and demand. While performing most of this research with their own personnel in Washington they also gather information first-hand from travel in foreign countries, and they contract for and direct the performance of the limited amount of competition and demand analytical work carried out on a grant basis with State or other universities, foreign institutions or individuals.

In addition to their own regional research programs the regional branches annually contribute sections to the World Food Situation prepared for the USDA Outlook Conference; they contribute sections to the World Agricultural Situation published by the Department early in January of each year; beginning in FY 1963 they prepared annual regional supplements to the World Agricultural Situation, and they prepare sections for a comprehensive report on the Agricultural Policies of Foreign Governments, the next number of which is now being published.

A continuing function in regard to regional research is to provide service to other Federal agencies. Among these services are: 1) assistance to Foreign Agricultural Service commodity divisions in the analysis and interpretation of various regulations relating to trade in agricultural commodities; 2) preparation of policy memoranda and speech and other materials on agricultural and trade policy, and on production and utilization of agricultural commodities; 3) participation in the briefing of marketing specialists, and other operating governmental and non-official personnel traveling to and from foreign countries; and 4) service on intra- and inter-departmental committees established to consider trade agreements and advise on the economic feasibility of proposed agreements. In addition Branch personnel attend conferences and meetings involving their respective areas to describe and interpret U.S. agricultural trade policies and programs and to present U.S. positions.

A. Western Hemisphere

The Western Hemisphere Branch has a continuing program of economic research on competition and demand covering Canada, Central America, the countries in the Caribbean, and South America. U.S. agriculture has a big stake in the Western Hemisphere regions. They represent both a major and growing market for United States agriculture as well as a source of needed agricultural imports.

Branch studies underway include research on integration efforts, the effect of the European Economic Community on Latin America, and the agricultural situation. In addition, regional studies planned include a study of the Caribbean, an overall study of Western Hemisphere developments, and an analysis of the effects of the Alliance for Progress.

Country studies being undertaken include circulars on Bolivia, Haiti, Paraguay, and Uruguay. Country studies in greater depth are underway for the Bahamas, Bermuda, Brazil, Colombia, Costa Rica, Ecuador, Netherland Antilles, Panama, and Peru. In addition comprehensive studies of the agricultural economies of Canada and Mexico are in process.

B. Western Europe

The West European Branch has a continuing program of economic research on competition and demand covering 16 West European countries. The program is concerned with the analysis of factors affecting the market for U.S. agricultural products in Western Europe or in third countries where Europe is a competitor. This area is a market for 40 percent of total U.S. agricultural exports and more than 50 percent of U.S. dollar agricultural exports.

Continuing analysis of the Common Market's agricultural policy, which is in process of both development and implementation, is carried on in order to assess its likely future impact on total imports of farm products and on the share of those imports which the United States may expect to achieve. This analysis is conducted in the context of an economic framework for analyses and projections for EEC agriculture. This framework consists of (1) major elements underlying the growth of demand such as population, income and food expenditures; (2) major elements underlying growth in domestic agricultural production; (3) selected assumptions with respect to EEC policy decisions in key areas of price production, consumption, farm income and trade; and (4) policies and programs in restructuring agricultural production for greater efficiency and higher farm incomes.

A series of research projects on the Common Market is being initiated by the Branch this year, utilizing foreign currencies under 104(a) of P.L. 480. This will be largely conducted under contract in Europe. Projects include: (1) comprehensive survey of EEC studies completed or underway in foreign countries; (2) economic and political intelligence study on certain aspects of the Common Agricultural Policy; (3) agricultural price structure for grains, livestock and poultry in the EEC; and (4) effect of oilseed production potential in the associated overseas countries on U.S. exports to the EEC (in cooperation with the Africa and Middle East Branch). This research is coordinated with work being done on the Common Market by the Development and Trade Analysis Division.

Country studies covering those nations not yet affiliated with the Common Market will be made to determine and measure changes in the competitive position of United States farm products in their internal markets. These studies will cover analysis of national farm price and production policies, growth or decline in consumption, and trade policies of the individual countries. Factors underlying changes in consumption both per capita and aggregate, such as population and income growth and shifts in consumer preferences will also be analyzed.

C. Eastern Europe

The East European Branch has a continuing program of research on the U.S.S.R. and other countries of Eastern Europe which are important to the U.S. both as competitors and in some instances as markets for agricultural products.

Particular attention in the program is given to changes in agricultural production because of the potential threat of East European grain in world markets.

The region, before World War I, was the breadbasket for the industrial countries of Western Europe, but during the interwar period agricultural exports declined. However, Soviet grain exports in recent years have increased substantially compared with the interwar period. Most of the Soviet exports are to other East European countries, particularly East Germany and Czechoslovakia, which have become deficit with respect to grain. Sizable exports of grain also have gone to Western Europe and other non-Bloc countries. The Soviet Union's unprecedented grain purchases this year will place it in a net import position for the first time in recent years.

Government policy has played a particularly important role in East European agriculture and foreign trade ever since the once predominantly peasant farming was largely collectivized (except in Poland and Yugoslavia) and foreign trade became a state monopoly. Much attention is, therefore, given in research studies to government policy as it affects agricultural production and trade. Due to U.S.S.R. plans to expand agricultural production and exports, the successes and failures on the agricultural front are of considerable interest to U.S. agriculture and foreign policy.

The effects of technological developments on agricultural production are important in this region of rapid industrialization and are assessed in the research studies. While bread grains, feed grains, oilseeds, and cotton (in USSR) have continued to dominate the agricultural picture in the region, the livestock problem has been very much to the fore because of the recurrent shortages of animal products. Considerable attention, therefore, is devoted by the Branch to this problem. Plans for economic integration of the Soviet Bloc with other communist countries are continuously studied.

Research underway on the Soviet Union includes: the agricultural economy, the sugar situation, the oilseed industry, livestock and livestock products, the effect of the application of fertilizers on crop yields, and investment in agriculture. Regional research projects include: East-West trade problems and the Danubian countries as competitors and markets for U.S. farm products.

D. Africa and the Middle East

The Africa and Middle East Branch has a continuing program of economic research on competition and demand in the whole of Africa and in West Asia which combined have more than 70 countries and territories. Many changes are occurring in the patterns of production and trade in the area as the result of political, social and economic developments taking place particularly in the emerging countries. Imports of agricultural commodities into the region from the United States are record high and increasing.

Studies are being made of the significant changes affecting the agricultural trade of the region. Key countries and regions are under study to appraise the potential for imports of agricultural commodities, and to assess the competitive position of U.S. farm products in those regions. The research includes analyses of the impact of significant changes in agricultural structures and practices on production and trade.

Underdeveloped countries which are in the current basic economy research program are UAR (Egypt), Ethiopia, Tanganyika, Lebanon, and Iraq. A bulletin on each of these economies will be published in 1964 showing the effects of agricultural developments on competition and demand. Agricultural developments, particularly the effect of the Aswan High Dam on agricultural production, are being analyzed to ascertain their impact on future needs of Egypt for imported agricultural products. Also, a new project of demand research has been initiated in the Branch to determine income elasticities of demand for Egypt using a large household budget survey. This should provide an indication of the products which offer marketing opportunities in Egypt.

E. Far East

The Far East Branch has a continuing program of economic research on competition and demand in the countries of the Far East, which contain over one-half of the world's population. The region includes all of Asia east of Iran and south of the Soviet Union and reaches southeast to Australia and New Zealand.

The Far East is unique among regions of the world in that it has both an existing dense population and a high rate of population growth. Demand for food and fiber is expanding as a result of population growth and, as development programs begin to bear fruit, rising per capita income. As

demand has grown faster than domestic supply in recent years, the share of the Far East in total U.S. agricultural exports has grown to about one-fourth compared to 15 percent prewar.

The work program of the Branch in the area of competition and demand includes comprehensive studies analyzing trends and prospects for agricultural development, demand for food and other farm products, and agricultural trade in a specific country or subregion. These studies interpret changes in the economic and technical scene and in policies and programs affecting production, consumption, and trade in terms of problems or opportunities for U.S. exports.

The following are research projects currently underway. Southeast Asia rice bowl - agricultural conditions, changes and competition; an appraisal of communist China's agricultural statistics; Federation of Malaysia - Agricultural potential of a new nation; and Pakistan's agricultural structure and trade.

F. World Agricultural Situation

This is a continuing Division project in which the current world food and agricultural situation and outlook for a year ahead is analyzed with respect to production, supply, trade, price trends and other economic factors. The situation is also appraised with respect to major farm commodities and by regions. An analysis entitled "The World Food Situation" is published annually in the Outlook issue of the National Food Situation and a report on the World Agricultural Situation is published in the first week of January each year.

G. Agricultural Policies of Foreign Countries

Evaluation on an inter-regional and world basis of government measures taken to protect agriculture and to support prices and incomes of agricultural producers is a continuing Division project. It includes publication in the USDA Handbook Series as the occasion requires of Agricultural Policies of Foreign Governments and preparation of special reports on implications of particular policies of foreign governments affecting the production, trade or utilization of farm products. Such reports may be prepared for administrative use or for publication and general dissemination among persons or groups with farming or trade interests.

PROGRESS IN USDA AND COOPERATIVE PROGRAMS

A. Western Hemisphere

Regional studies either completed or underway cover the general agricultural situation, agricultural trade policies, Latin American integration efforts,

European Economic Community developments as related to Latin America, and the role of agriculture in Central American progress.

The agricultural situation indicated that Western Hemisphere agricultural output for 1962/63 and trade for 1962 were both expected to register gains over the preceding year. U.S. agricultural exports to other Hemisphere countries reached a record of almost \$1 billion for the year ending June 30, 1962 with prospects bright for exports to remain at record or near record levels. The studies of agricultural and trade policies indicated that such policies continue to reflect pressures of low foreign exchange and monetary reserves and related slow-downs in economic growth rate. Consequently, Hemisphere nations pursue policies aimed at expanding domestic agricultural output with varying import restrictions, such policies exerting a considerable influence on agricultural trade and U.S. exports.

Integration efforts in Latin America through the Central American Free Trade Area and the Latin American Free Trade Area promise increased trade between member countries but have not had a significant impact on U.S. agricultural trade. Latin American agricultural trade with EEC countries recovered significantly from the low levels of post World War II in the decade of the 1950's, but has not regained its prewar position. Prospects are that trade will continue to be oriented more to Western Hemisphere countries. Agriculture is the key to Central America's progress and has played an important role in the area's economic progress and trade.

Country studies published or completed include British Guiana, Chile, the Dominican Republic, El Salvador, The French West Indies, and Nicaragua. U.S. export prospects for British Guiana appear favorable for wheat flour, salted pork, poultry meat and canned vegetables. The Dominican Republic represented a U.S. agricultural export market of \$9.9 million for 1962, four times the 1961 level, with further increases expected if political and economic stability in that country can be maintained. Approximately one-third of El Salvador's agricultural imports are supplied by the United States. Wheat imports in 1961 showed an increase of almost \$1.5 million over 1960 with the U.S. supplying more than 80 percent of the total. Chile represents a growing market for U.S. agricultural exports, particularly for wheat. U.S. agricultural trade with the French West Indies is small but increasing.

B. Western Europe

Three studies on competition and demand have been completed and published: (1) A comprehensive report on the agricultural situation in 1962/63 in West European countries, reviewing the general economic situation, agricultural production, policy, inputs, the food situation and foreign trade patterns of all countries in the region; (2) Statistics on the European Economic Community, Volume II, which presents data on production and utilization of

agricultural commodities in the EEC and Greece and full member applicants; and (3) An evaluation of West Germany's domestic agricultural assistance program. In addition, a number of articles in Foreign Agriculture prepared by members of staff of the Branch were devoted to various aspects of agriculture in many of the West European countries.

Manuscripts completed, but not published are: (1) Agricultural developments in Spain and competition with U.S. farm exports; (2) Competitive aspects of Portugal's agriculture; (3) Financial assistance to agriculture in Denmark, including subsidies, domestic marketing programs and other government policies; and (4) An economic framework for Common Market countries, comprising an agreed set of basic quantitative variables, such as population, economic growth, consumers' income and expenditure, agricultural production and trade. A study on the agricultural trade advantages expected through Greek-EEC association is nearly completed.

The Branch is also supervising two competition studies which are being done under contract: Grain policies in France and Germany by the Food Research Institute, Stanford University, Calif.; and Production of and trade policies for fruits and vegetables in Italy and the United Kingdom by the Giannini Foundation, University of California.

C. Eastern Europe

A comprehensive report on the agricultural situation in 1962-63 in the Soviet Union and other East European countries -- reviewing production, agricultural policy, the food situation, and foreign trade of all countries in the region -- was the principal publication of the year. It has had a heavy public demand. Another milestone was the publication -- for the first time -- of a report on Soviet agricultural trade 1955-61. In response to public demand a current comparison of U.S. and Soviet agriculture was prepared and published. A major branch effort was the preparation of some 9 unpublished research studies on the agricultural economies of Eastern Europe for the Secretary and members of his delegation. In view of significant developments in the U.S.S.R. and the Bloc countries, considerable time was devoted by members of the staff to briefing the press and other media of communication on the agricultural situation in Eastern Europe and in supplying information to the public, the Department and other Government agencies on the subject, through correspondence, lectures, and interviews.

Current developments in Soviet and East European agriculture and agricultural trade were discussed in articles in The Farm Index and Foreign Agriculture.

D. Africa and the Middle East

Basic studies of the agricultural economies of the heretofore obscure regions and countries of Africa have been uppermost in the program of

research of the Branch. In the period under review such research has been concluded for the Ivory Coast and Tunisia.

In the Ivory Coast, one of the 8 territories of former French West Africa, agricultural products make up 75 percent of the exports. These are largely coffee and cocoa beans. France is the Ivory Coast's best market for farm products and also its chief supplier of agricultural imports. U.S. ranks as second best customer; in 1961 United States purchased \$12.9 million in coffee and \$10.9 million in cocoa from the Ivory Coast. The United States exported \$6 million in agricultural products to the Ivory Coast in that year. Opportunities and prospects for an increase in agricultural production in the Ivory Coast are bright. So are prospects for increases in marketing products there as this is a viable country, economically and politically.

Tunisia is a relatively small country which has much of its land under cultivation and although it produces a surplus of a few commodities for export it is normally on a net import basis for agricultural products. Olive oil and wine are the principal export commodities. Most of Tunisia's trade in the past has been with France. Some broadening of trade channels is taking place post-independence. U.S. shipments of agricultural products to Tunisia have been largely under aid programs. In 1962 agricultural exports to Tunisia from the United States were valued at \$33 million, principally wheat. Agricultural development, basically financed from external aid, has made noticeable progress and further aid is necessary in order to fully develop the country's agricultural potential.

E. Far East

The following studies have been completed and are currently being processed for publication:

Japan - Trade Trends - Japan is one of the leading world markets for farm products with agricultural imports now approaching \$2 billion annually and the prospects are bright for continued increases. By value farm imports went up from \$1.3 billion in 1950 to a high of \$1,983 million in 1961. The list of Japan's imports includes a wide selection of farm commodities which the United States produces in surplus quantities and for which cash markets are urgently needed.

Reacting to many influences, the Japanese market for farm products is changing. With growing affluence, the Japanese consumer is altering his consumption pattern to favor higher quality and more expensive foods that he can increasingly afford. Westernization and urbanization are part of the forces promoting change. Demand is slackening for the starchy foods such as barley and is strengthened for such health foods as red meats, fruits and vegetables, and dairy products. Land utilization and the import

trade can be expected to reflect the effects of changing consumer preferences. In general the outlook is for rapid expansion in the quantities of farm products imported by Japan.

Communist China - 1963 Harvest - Prospects for the 1963 harvest in Mainland China are little if any better than those in 1962. Production of summer harvested grain crops, accounting for about one-fourth of total grain, was less than last year's poor harvest. The outlook for intermediate and late rice is only fair, and it is doubtful if the output of miscellaneous grains can offset early grain losses. Output from an expanded acreage of industrial crops, especially cotton, should exceed that of last year. Weather extremes have adversely affected virtually all agricultural areas during the growing season.

Per capita food availability is expected to change little from last year despite stepped-up efforts in government procurement programs. Increased imports of grain--amounting to about 6.1 million tons, compared with 4.7 and 5.6 million tons respectively in 1962 and 1961--will lessen but not relieve the continued tight food situation.

India - Agricultural Economy - This study of the agricultural economy of India focuses on the country's agricultural problems and on progress made by that country in meeting the food and fiber needs of an expanding population of 450 million. The study discusses the natural environment, livestock and crop production, agricultural institutions, food consumption, agricultural policies, trade in agricultural products and level of technology. Also the progress under the 5-Year Plans relative to agriculture is discussed.

India - Agricultural Trade - This study analyses the trends in India's agricultural trade over a 10-year period with particular reference to the U.S. position as the leading supplier and India's situation as a developing country. It also presents background material on India's balance of payments situation.

F. World Agricultural Situation

The 1963 World Agricultural Situation published January 3, 1963 showed that some progress had been made during 1962 in achieving a better balance between world agricultural production and effective demand, and stated that further progress was expected during 1963. The analysis pointed up the possibility of adverse effects of EEC common market policies on imports, and the food supply difficulties in Eastern Europe. Regional supplements to this report were published for the first time in 1963 and are reported in the above regional sections.

G. Agricultural Policies of Foreign Governments

Results of a major phase of the Division's research in this area, scheduled for publication, autumn 1963, as a handbook on Agricultural Policies of Foreign Governments indicate that it should be of help to agricultural producers and exporters of farm products and to governmental agencies. It shows that the economic and political pressures that have influenced governmental adherence to restrictive and discriminatory trade policies since the aftermath of World War I have been lessened. Governments are better able than previously to develop agricultural policies as a part of overall national economic programs or multi-lateral trade programs to replace sectoral industry programs.

Published in September 1963 was Agricultural Protection by Nontariff Trade Barriers, ERS-Foreign-60. This report besides its other purposes is being widely used in the broad attack being made by the Department on the restrictive trade policies of the EEC. Various parts of the USDA, Agricultural Attaches in foreign countries, other Departments and agencies, and many Land Grant Universities as well as private research are using this report. It shows, among other things, that other major agricultural countries have a larger percentage of their domestic agricultural production protected by nontariff import controls than has the United States. It also shows that U.S. agricultural production is less protected by Section 22 of the Agricultural Adjustment Act and other import controls than is realized by most people.

PUBLICATIONS REPORTING RESULTS OF USDA RESEARCH

Western Hemisphere

- Coyner, Mary S. 1963. Agriculture Sparks Central American Progress. U.S. Dept. Agr. Economic Research Service, Foreign Agriculture 11 (1). pp. 4-6.
- Coyner, Mary S. 1963. El Salvador: Its Agriculture and Trade. U.S. Dept. Agr. Economic Research Service. ERS-Foreign 49, 30 pages.
- Davenport, Charles R. 1962. CAFTA and LAFTA Promise Free Trade Among Members of Two Latin American Groups. U.S. Dept. of Agr. Economic Research Service. Farm Index 2 (1), p. 16.
- Mears, Leon G. 1963. Cuba's Agriculture: Four Years Under the Revolutionary Regime. Foreign Agriculture 1 (1), pp. 5-7.
- Mears, Leon G. 1963. The Dominican Republic-Agriculture and Trade. U.S. Dept. Agr. Economic Research Service. ERS-Foreign 51, 50 pages.
- Sanderson, Agnes G. 1963. British Guiana Its Agriculture and Trade. U.S. Dept. Agr. Economic Research Service. ERS-Foreign 45, 42 pages.

Western Hemisphere Branch, Regional Analysis Division. 1963 World Agricultural Situation. Western Hemisphere Supplement No. 1. U.S. Dept. Agr. Economic Research Service. February 1963. 50 pages.

Western Europe

Bernitz, Alexander 1963. An Evaluation of West Germany's Domestic Agricultural Assistance Program. U.S. Dept. Agr. Economic Research Service. ERS-Foreign-52, 8 pages.

Bernitz, Alexander 1963. German Farmer is "Most Protected" - But What Lies Ahead Under the EEC? U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 16 (1) pp. 5-8.

Coffman, George W. 1963. Belgium - Home of the Common Market. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 18 (1) pp. 4-5.

Coffman, George W. 1963. The Netherlands - Gateway to Europe. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 17 (1) pp. 3-5.

O'Donnell, P.E. 1962. The Common Market's Internal Farm Trade. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 11 (26) pp. 4-6.

O'Donnell, P.E. 1963. Agriculture and the European Common Market. International Journal of Agrarian Affairs, 6 (3) pp. 355-371.

O'Donnell, P.E. 1962. European Diets are Superior - Except in the Mediterranean Countries. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 11 (26), pp. 20-21.

Riggs, David W. 1962. The Scandinavian Countries. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 11 (26) pp. 10-11.

Tsu, Sheldon 1963. Italy Strengthens Its Farm Policies. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 18 (1) pp. 4-5.

West European Branch, Regional Analysis Division. 1963. Statistics on the European Economic Community, Vol. II--Agricultural production and consumption. U.S. Dept. Agr. Economic Research Service. ERS-Foreign-46, 208 pages.

West European Branch, Regional Analysis Division. 1963. The 1963 Western Europe Agricultural Situation Supplement No. 2 to The 1963 World Agricultural Situation. U.S. Dept. Agr. Economic Research Service. 72 pages.

Eastern Europe

East European Branch, Regional Analysis Division. 1963. The 1963 Eastern Europe Agricultural Situation; Supplement No. 3 to The 1963 World Agricultural Situation. U.S. Dept. Agr. Economic Research Service. 53 pages.

East European Branch, Regional Analysis Division. 1962. The 1962 Crop Outlook in Communist Countries. U.S. Dept. Agr. Economic Research Service. ERS-Foreign-41, 7 pages.

Mills, Theodora 1963. CEMA and the Soviet Bloc -- integration or disintegration? U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 1 (30) pp. 3-5.

Walters, Harry E. 1963. Agriculture in the United States and the Soviet Union. U.S. Dept. Agr. Economic Research Service. ERS-Foreign-53, 26 pages.

Walters, Harry E. 1962. Comparison of Agriculture in the United States and U.S.S.R. Joint Economic Committee of the Congress of the United States. Dimensions of Soviet Economic Power, Statistical Appendix, pp. 693-696.

Walters, Harry E. 1962. The Agricultural Situation in 1961-62 in the Soviet Union. U.S. Dept. Agr. Statistical Reporting Service. Agricultural Situation 46 (11), pp. 12-14.

Africa and Middle East

Africa and Middle East Branch, Regional Analysis Division. 1963. The 1963 Africa and Middle East Agricultural Situation, Supplement No. 5 to The 1963 World Agricultural Situation. U.S. Dept. Agr. Economic Research Service, 76 pages.

Holm, Henrietta M. 1962. Israel to Set Up Industry in Its Rural Settlements. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 10 (26) pp. 18-20.

Far East

Brown, Lester R. 1962. Food Consumption and Expenditures: India, Japan United States. U.S. Dept. Agr. Economic Research Service. ERS-Foreign 42, 15 pages.

Brown, Lester R. 1963. Agricultural Diversification and Economic Development in Thailand: A case study. U.S. Dept. Agr. Economic Research Service. Foreign Agricultural Economic Report No. 8, 34 pages.

Far East Branch, Regional Analysis Division, The 1963 Far East Agricultural Situation, Supplement No. 4 to the 1963 World Agricultural Situation. U.S. Dept. Agr. Economic Research Service. 50 pages.

Long, Mary E. 1963. New Zealand's Agricultural Production, Marketing, and Trade Policies and their bearing on U.S. Farm Exports. U.S. Dept. Agr. Economic Research Service. Foreign Agricultural Economics Report No. 9. 83 pages.

Long, Mary E. 1963. Australia and the Water Problem. U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 33 (1), pp. 3-4.

McConnell, Robert M. 1963. New Nation to Emerge: Federation of Malaysia, U.S. Dept. Agr. Economic Research Service. Foreign Agriculture 34 (1), pp. 3-5.

Spaeth, David H. 1962. Individual Incentive Prods Red China to Change Commune System. U.S. Dept. Agr. Economic Research Service. ERS-Foreign 40, 8 pages.

World

Regional Analysis Division, 1963. The World Agricultural Situation, 1963. U.S. Dept. Agr. Economic Research Service. 38 pages.

Regional Analysis Division, 1963. Agricultural Protection by Non-Tariff Trade Barriers. U.S. Dept. Agr. Economic Research Service. 24 pages.

AREA No. 3 - QUANTITATIVE EVALUATION OF FOREIGN PRODUCTION,
UTILIZATION AND TRADE IN FARM PRODUCTS

Problem. For appraisal of prospects for U.S. exports of farm products, the great mass of statistical detail regarding foreign production, utilization and trade must be summarized and evaluated in the form of a few statistical indicators. One indicator is a series of indices of agricultural production. Other indicators are total value of agricultural trade, U.S. share of trade, and competitors' shares. Indicators of the adequacy of the food supply are derived from food balances: total calories per person per day, grams of protein per person per day, etc. Preparing such indices, trade tables, and food balances requires first a careful examination of the basic data for interval consistency and for comparability from country to country or commodity to commodity.

USDA PROGRAM

The Department has for many years conducted a program to improve the statistical indicators used in its long-term projections, competition and demand studies and other foreign agricultural research. This activity has involved 9 professional man-years annually.

Two types of analyses are made which test the statistical data for quality and consistency and at the same time result in useful measures of the agricultural situation abroad. To measure trends in agricultural production in each of about 100 countries and to compare their rates of growth, the Department each year computes index numbers of agricultural production. To assess the size and quality of the food supply in foreign countries the Department also prepares food balances for about 90 countries.

The program also includes the compilation and analysis of data on agricultural trade in geographic areas where trade statistics are of special significance to U.S. export prospects, or where official data are inadequate.

PROGRESS IN USDA AND COOPERATIVE PROGRAMS

A. Production indices

In the period under review indices of agricultural production in 1962 were completed for 101 countries and work has been started on indices for 1963. Under a contract between AID and DTA Division, work has also been started on indices for 30 countries of crop output, land input, output of animal products, and net output of crops and animal products

combined, using appropriate weights for each country instead of regional-average weights, as in the past.

B. Food balances

Work is nearly finished on new food balances for 90 countries for two periods of three years each, 1956-58 and 1959-61. Detailed balances for 83 countries (excluding Eastern Europe) for 1959-61, with summary figures for 1956-58, are due to be published by the end of 1963. These new balances incorporate data from market research studies done in 1963 in 14 countries.

C. Trade

A circular is nearing completion analyzing recent U.S. agricultural trade with Western Hemisphere countries and the underlying factors. A study of trade with Mainland China is also under way. In recent years many countries have adopted as their commodity classification for foreign trade statistics either the Revised Standard International Trade Classification (SITC) or the Brussels Tariff Nomenclature (BTN), which is compatible with the SITC. As a consequence of this development, the trade tables regularly prepared for African countries are being standardized to facilitate comparisons with each other and with related tables for Europe.

PUBLICATIONS REPORTING RESULTS OF USDA RESEARCH

Production indices

- Africa and Middle East Branch, Regional Analysis Division Dec. 1962.
Indices of agricultural production in 10 Near East countries. U. S. Dept. Agr. Economic Research Service, 25 pages.
- Africa and Middle East Branch, Regional Analysis Division Dec. 1962.
Indices of agricultural production in 28 African countries. U. S. Dept. Agr. Economic Research Service, 53 pages.
- Far East Branch, Regional Analysis Division Feb. 1963. Indices of agricultural production for Australia and New Zealand (mimeo.). U. S. Dept. Agr. Economic Research Service, 5 pages.
- Far East Branch, Regional Analysis Division Dec. 1962. Indices of agricultural production for the Far East and South Asia. U. S. Dept. Agr. Economic Research Service, 38 pages.
- Western Hemisphere Branch, Regional Analysis Division Nov. 1962.
Indices of agricultural production for 20 Latin American countries. U. S. Dept. Agr. Economic Research Service, ERS-Foreign 44, 28 pages.

Food balances

Western Hemisphere Branch, Regional Analysis Division July 1963.

Market research project in selected Latin American countries (Internal USDA distribution only) - Food Balances and prospects for agricultural trade: Report No. 1 - Brazil by Paul L. Koenig; Report No. 2 - British Honduras by Stuart L. Bryan; Report No. 3 - Costa Rica by James F. Miles; Report No. 4 - El Salvador by Joseph A. Becker; Report No. 5 - Guatemala by Stuart L. Bryan; Report No. 6 - Honduras by James R. Bowring; Report No. 7 - Nicaragua by James R. Bowring; Report No. 8 - Panama by James F. Miles; and Report No. 9 - Peru by Reginald Royston. U. S. Dept. Agr. Economic Research Service, approximately 30 pages in each report.

Smith, Harold D. July 1963. Agricultural production and consumption patterns, market potential in Thailand, Univ. of Maryland Agr. Exp. Sta. Misc. Publ. No. 490, 98 pages.

Trade

Mills, Theodora 1963. Soviet agricultural trade, 1955-61. U. S. Dept. Agr. Economic Research Service, ERS-Foreign 47, 29 pages.

Line Project Check List -- Reporting Period November 1, 1962 to September 30, 1963

Work & Line Project Number*	Work and Line Project Titles	Work Locations During Past Year	Line Project	Included in
			Summary of Progress	Area
RA 1	Long-range outlook for U.S. farm exports	Washington, D.C.	Yes	Area 1
-1	World food budget, by country and region	Washington, D.C.	Yes	
-2	Projection of exports of leading U.S. farm commodities	Washington, D.C.	Yes	
-3	Long-term projections of foreign supply and demand by country and region	Washington, D.C. (and foreign countries)	Yes	
RA 2	Foreign competition and demand by country and region	Washington, D.C.	Yes	Area 2
-1	Foreign competition and demand, Western Hemisphere	Washington, D.C.	Yes	
-2	Foreign competition and demand, Western Europe	Washington, D.C.	Yes	
-3	Foreign competition and demand, Eastern Europe	Washington, D.C.	Yes	
-4	Foreign competition and demand, Africa and Middle East	Washington, D.C.	Yes	
-5	Foreign competition and demand, Far East	Washington, D.C.	Yes	
RA 3	Quantitative evaluation of foreign production, utilization, and trade in farm products	Washington, D.C.	Yes	Area 3
-1	Production indices	Washington, D.C.	Yes	
-2	Food balances	Washington, D.C.	Yes	
-3	Trade	Washington, D.C.	Yes	
*Work projects approved, and documentation of line projects in progress.				

